

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SS-15 SP-02 PM-05 HA-05 L-03 AID-05  
EB-08 CIAE-00 INR-10 NSAE-00 NSCE-00 DODE-00  
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/082 W

-----090827 142001Z /64

O 141924Z AUG 78  
FM AMEMBASSY LIMA  
TO SECSTATE WASHDC IMMEDIATE 1391

C O N F I D E N T I A L LIMA 7196

E.O. 11652: GDS  
TAGS: MASS, PE  
SUBJECT: FMS FOR PERU, FY76-78

REF: AMBASSADOR/DAS BUSHNELL TELCON OF AUG 11

1. IF RELEASED BY THE USG, FY78FMS CREDITS FOR PERUVIAN ARMED FORCES WILL BE USED PRIMARILY FOR PURCHASE OF SPARE PARTS FOR US EQUIPMENT. \$10 MILLION CREDIT WOULD PROBABLY BE DIVIDED EVENLY AMONG THE 3 SERVICES WITH FOLLOWING LIKELY PRIORITIES:  
AIR FORCE - A-37 SPARES (\$2.1 MILLION) AGE AIRCRAFT SUPPORT EQUIPMENT (\$1.8 MILLION), TECHNICAL ORDERS AND COMPUTER SOFTWARE (\$.4 MILLION).  
ARMY - TOOL SETS AND MAINTENANCE REPAIR EQUIPMENT (\$1.9 MILLION), SPARES FOR 1/4 TON TRUCKS (\$1 MILLION), FUEL TRUCKS (\$.7 MILLION).  
NAVY - SHIP SPARES (\$.7 MILLION), MEDICAL/DENTAL EQUIPMENT AND SUPPORT (\$2 MILLION), LIFE SUPPORT EQUIPMENT (\$.5 MILLION) ADVANCED TRAINING \$.25 MILLION).

2. WHILE MISSION UNDERSTANDS THAT MFS CREDITS ARE NOT GENERALLY TO BE USED FOR PURCHASE OF SPARES, WE STRONGLY URGE EXCEPTION. IN THIS CASE DUE TO PERU'S EXTREMELY POOR FINANCIAL CONDITION. WE BELIEVE RELEASE OF THE FY78 FMS CREDIT IS IN THE INTEREST  
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OF THE US AS A MEANS OF HELPING TO KEEP LINES OF COMMUNICATION OPEN WITH THE PERUVIAN MILITARY DURING THIS CRITICAL PERIOD OF POLITICAL TRANSITION. DENIAL OF THE \$10 MILLION CREDIT WOULD BE SEEN BY THE PERUVIAN MILITARY AS A HOSTILE ACT BY THE USG PARTICULARLY IN VIEW OF OUR PROJECTED LARGE ARMS SALES TO ECUADOR.

3. WITH RESPECT TO OUTSTANDING FY76 AND 77 FMS CREDITS FOR PERU, ACCORDING TO FMS BALANCES FURNISHED BY ISA IN JUNE, \$7.3 MILLION REMAINS OF FY76 FUNDS AND \$6.2 MILLION OF FY77. WE BELIEVE AIR FORCE HAS SPENT ITS SHARES OF FY76-77 CREDITS AND THAT ARMY HAS BALANCE OF \$6.7 MILLION AND NAVY \$6.9 MILLION. ARMY DIRECTOR OF LOGISTICS HAS ADVISED THAT PERUVIAN EMBASSY IN WASHINGTON HAS BEEN REQUESTED TO MAKE CREDIT REQUESTS FOR FOLLOWING EQUIPMENT FOR ARMY'S SHARE OF OUTSTANDING FY76-77 FUNDS: TWO FOURTH ECHELON MAINTENANCE SHOPS ((\$2.8 MILLION), BEECHCRAFT KING AIRCRAFT FOR AERIAL PHOTO PURPOSES (\$1.3 MILLION), ADDITIONAL SPARES FOR M113A1 APC'S \$1.1 MILLION), SPARES FOR GEOGRAPHIC INSTITUTE (IGI) EQUIPMENT INCLUDING TRUCKS (\$.15 MILLION). AS TO NAVY AS FAR AS WE AWARE BALANCE OF \$6.9 MILLION IS STILL TO BE USED FOR SANDERS PASSIVE ECM SYSTEM FOR SUBMARINES \$7 MILLION) WHICH WE UNDERSTAND HAS BEEN APPROVED BY DEPARTMENT. SHLAUDEMANN

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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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**Review Markings:**  
Sheryl P. Walter  
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